(Company Registration No: 200404900H)

QUARTERLY FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2015

PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3) RESULTS

1(a) – An income statement and statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

1(a)(i) Income Statement

	Group					
	$'000			$'000		
	2nd quarter ended 30.06.15	2nd quarter ended 30.06.14 (Restated)*	% Change	1st half ended 30.06.15	1st half ended 30.06.14 (Restated)*	% Chang e
Continuing operations						
Revenue	14,318	24,699	(42%)	33,904	48,007	(29%)
Cost of sales	(10,215)	(20,449)	(50%)	(24,452)	(38,341)	(36%)
Gross profit	**4,103**	**4,250**	(3%)	**9,452**	**9,666**	(2%)
Other operating (expense)/income	(59)	22	N.M	4,382	115	N.M
Selling & Distribution expenses	(1,891)	(3,012)	(37%)	(4,748)	(5,696)	(17%)
Administrative expenses	(2,611)	(2,303)	13%	(4,953)	(4,920)	1%
Finance costs	(74)	(299)	(75%)	(171)	(642)	(73%)
(Loss)/Profit from operations	**(532)**	**(1,342)**	(60%)	**3,962**	**(1,477)**	N.M
Share of results of associated companies	(46)	161	N.M	(251)	189	N.M
Share of results of joint ventures	107	119	(10%)	230	329	(30%)

(Loss)/Profit before taxation	**(471)**	**(1,062)**	(56%)	**3,941**	**(959)**	N.M
Tax expense	(102)	(378)	(73%)	(429)	(761)	(44%)
(Loss)/Profit from continuing operations, net of tax	**(573)**	**(1,440)**	(60%)	**3,512**	**(1,720)**	N.M
<u>Discontinued operations</u>						
(Loss)/Profit from discontinued operations, net of tax	**(1,058)**	**(412)**	157%	**(895)**	**406**	N.M
Net (loss)/profit for the period	**(1,631)**	**(1,852)**	(12%)	**2,617**	**(1,314)**	N.M
Attributable to:						
Equity holders of the Company	**(1,320)**	**(596)**	121%	**3,206**	**820**	291%
Non-controlling interests	**(311)**	**(1,256)**	(75%)	**(589)**	**(2,134)**	(72%)
	(1,631)	**(1,852)**	(12%)	**2,617**	**(1,314)**	N.M

*Restated the results of a subsidiary to be disposed to discontinued operations.

A statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediate preceding financial year.

	2nd quarter ended 30.06.15	**2nd quarter ended 30.06.14**	**% Change**	**1st half ended 30.06.15**	**1st half ended 30.06.14**	**% Change**
Net (loss)/profit for the period/year	**(1,631)**	**(1,852)**	(12%)	**2,617**	**(1,314)**	N.M
Other comprehensive income/(loss) :						
Exchange differences on translation of the financial statements of foreign entities (net)	189	(55)	N.M	147	(126)	N.M
Total comprehensive (loss)/ income for the period	**(1,442)**	**(1,907)**	(24%)	**2,764**	**(1,440)**	N.M
Total comprehensive (loss)/income attributable to:						
Equity holders of the Company	**(1,150)**	**(632)**	82%	**3,360**	**734**	358%
Non-controlling interests	(292)	(1,275)	(77%)	(596)	(2,174)	(73%)
Total comprehensive (loss)/ income for the period	**(1,442)**	**(1,907)**	(24%)	**2,764**	**(1,440)**	N.M

1(a)(ii) Notes to income statement

	Group					
	(S$'000)			(S$'000)		
	2nd quarter ended 30.06.15	2nd quarter ended 30.06.14 (Restated)*	% Change	1st half ended 30.06.15	1st half ended 30.06.14 (Restated)*	% Change
Continuing operations						
Other income including interest income	61	33	85%	117	194	(40%)
Interest on borrowings	(74)	(299)	(75%)	(171)	(642)	(73%)
Depreciation of property, plant and equipment	(449)	(562)	(20%)	(963)	(1,383)	(30%)
Gain on disposal of property, plant and equipment	-	-	N.M	7	46	(85%)
Foreign exchange (loss)/gain	(123)	(42)	193%	6	(95)	N.M
(Provision)/Reversal for stock obsolescence	(15)	100	N.M	(199)	95	N.M
Provision of doubtful debts	(89)	(244)	(64%)	(111)	(111)	N.M
Gain on disposal of a subsidiary	-	-	N.M	4,123	-	N.M
Discontinued operations						
Other income including interest income	-	40	N.M	12	54	(78%)
Interest on borrowings	-	(17)	N.M	(10)	(34)	(71%)
Depreciation of property, plant and equipment	(19)	(79)	(76%)	(64)	(135)	(53%)
Loss on disposal of property, plant and equipment	-	(2)	N.M	-	(9)	N.M
Foreign exchange (loss)/gain	(283)	(585)	(52%)	(378)	143	N.M
Reversal for stock obsolescence	-	-	N.M	102	-	N.M
Provision of doubtful debts	(500)	-	N.M	(525)	-	N.M
Total						
Other income including interest income	61	73	(16%)	129	248	(48%)
Interest on borrowings	(74)	(316)	(77%)	(181)	(676)	(73%)
Depreciation of property, plant and equipment	(468)	(641)	(27%)	(1,027)	(1,518)	(32%)
(Loss)/Gain on disposal of property, plant and equipment	-	(2)	N.M	7	37	(81%)
Foreign exchange (loss)/gain	(406)	(627)	(35%)	(372)	48	N.M
(Provision)/Reversal for stock obsolescence	(15)	100	N.M	(97)	95	N.M
Provision of doubtful debts	(589)	(244)	141%	(636)	(111)	473%
Gain on disposal of a subsidiary	-	-	N.M	4,123	-	N.M

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediate preceding financial year.

	Group ($'000)		Company ($'000)	
	30.06.15	**31.12.14**	**30.06.15**	**31.12.14**
Non-current assets				
Property, plant and equipment	18,156	19,109	2	3
Investment in subsidiaries	-	-	10,484	12,229
Investment in associated companies	12,158	11,085	12,089	10,682
Investment in joint ventures	2,338	2,093	905	909
Deferred tax assets	78	79	-	-
Non-current receivables	9,112	-	-	-
Intangible assets	49	49	49	49
	41,891	**32,415**	**23,529**	**23,872**
Current assets				
Inventories	30,760	32,761	-	-
Due from customers on construction contracts	1,753	37	-	-
Amount due from joint venture (trade)	177	40	-	-
Trade receivables	15,695	20,596	-	-
Other receivables	2,634	1,978	21,802	13,860
Cash and cash equivalents	3,560	5,037	132	211
	54,579	60,449	21,934	14,071
Property held for sale	1,498	1,527	-	-
Disposal group assets classified as held for sale	-	18,714	-	-
Total current assets	**56,077**	**80,690**	21,934	**14,071**
Total assets	**97,968**	**113,105**	**45,463**	**37,943**
Non-current liabilities				
Deferred tax liability	825	836	-	-
Finance lease liabilities	437	521	-	-
	1,262	1,357	-	-
Current liabilities				
Due to customers on construction contracts	2,696	3,081	-	-
Trade payables	9,648	8,406	-	-
Other payables	4,206	3,711	1,885	4,520
Bank borrowings	10,224	13,255	-	-
Finance lease liabilities	166	166	-	-
Tax payable	1,398	1,493	61	101
	28,338	30,112	1,946	4,621
Liabilities directly associated with disposal group classified as held for sale	-	10,429	-	-
Total current liabilities	**28,338**	**40,541**	**1,946**	**4,621**
Total liabilities	**29,600**	**41,898**	**1,946**	**4,621**
Net assets	**68,368**	**71,207**	**43,517**	**33,322**

Shareholders' equity				
Share capital	43,461	43,461	43,461	43,461
Translation reserves	795	641	-	-
Accumulated profits	35,410	34,604	56	(10,139)
Attributable to equity holders of the Company	**79,666**	**78,706**	**43,517**	**33,322**
Non-controlling interests	(11,298)	(7,499)	-	-
Total shareholders' equity	**68,368**	**71,207**	**43,517**	**33,322**

1(b)(ii)In relation to the aggregate amount of the Group's borrowings and debt securities, specify the following as at the financial period reported on with comparative figures as at the end of the immediate preceding financial year:

Amount repayable in one year or less, or on demand

As at 30.06.15 ($'000)		As at 31.12.14 ($'000)	
Secured	Unsecured	Secured	Unsecured
4,937	5,287	6,064	7,191

Amount repayable after one year

As at 30.06.15 ($'000)		As at 31.12.14 ($'000)	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

The Group's banking facilities were secured by the following:

(a) Legal charge on the Group's leasehold property with net book value of $7.80million (31.12.2014: $7.97million)
(b) Fixed deposits of certain subsidiaries.
(c) Joint and several guarantees by the Company and certain directors of a subsidiary.
(d) Fixed charge for all monies over a subsidiary's present and future contracts financed or to be financed directly or indirectly, wholly or partly.

1(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediate preceding financial year.

	Group			
	$'000		$'000	
	2nd quarter ended 30.06.15	2nd quarter ended 30.06.14 (Restated)	1st half ended 30.06.15	1st half ended 30.06.14 (Restated)
Cash flows from operating activities				
(Loss)/Profit before tax from continuing operations	(471)	(1,062)	3,941	(959)
(Loss)/Profit before tax from discontinued operations	(1,058)	(313)	(814)	452
Adjustments for :				
Depreciation	404	641	963	1,518
Interest income	(8)	(5)	(12)	(10)
Interest expense	74	309	181	669
Share of results of associated companies	46	(141)	257	(146)
Share of results of a joint venture	(107)	(119)	(230)	(329)
Loss/(Gain) on disposal of property, plant and equipment	-	2	(3)	(37)
Gain on disposal of a subsidiary	-	-	(4,123)	-
Operating cash before movements in working capital	**(1,120)**	**(688)**	**160**	**1,158**
Inventories	(55)	1,468	987	636
Due from customers on construction contract, net	(94)	1,103	(2,101)	3,646
Receivables	(3,519)	397	(2,591)	625
Payables	(1,313)	747	2,135	(2,791)
Currency translation adjustments	230	646	207	503
Cash (used in) / generated from operations	**(5,871)**	**3,673**	**(1,203)**	**3,777**
Income tax paid	(557)	(592)	(524)	(787)
Interest paid	(74)	(309)	(181)	(669)
Net cash (used in)/from operating activities	**(6,502)**	**2,772**	**(1,908)**	**2,321**
Cash flows from investing activities				
Purchase of property, plant and equipment	-	(294)	(47)	(902)
Proceeds from disposal of property, plant and equipment	-	-	9	46
Investment in associated company	-	(3,149)	(1,324)	(3,215)
Interest received	8	5	12	10
Dividend received from joint venture	-	-	-	363
Fixed deposit	999	11	1,023	35
Advance to a joint venture	(2,679)	-	(2,679)	-
Net cash inflow on disposal of a subsidiary company	-	-	7,192	-
Net cash (used in) / from investing activities	**(1,672)**	**(3,427)**	**4,186**	**(3,663)**

Cash flows from financing activities				
Proceeds from bank borrowings	3,800	-	3,800	-
Repayment of bank borrowings	(2,104)	-	(4,254)	(1,123)
(Repayment)/proceeds from short term loans	(2,737)	3,053	(2,577)	6,350
Repayment of finance lease liabilities	(42)	(49)	(89)	(97)
Dividend paid	(2,400)	(2,400)	(2,400)	(2,400)
Net cash (used in)/from financing activities	**(3,483)**	**604**	**(5,520)**	**2,730**
Net (decrease) / increase in cash and cash equivalents	(11,657)	(51)	(3,242)	1,388
Cash and cash equivalents at beginning of period	14,185	11,843	5770	10,389
Effect of exchange rate changes on cash and cash equivalents	-	(22)	-	(7)
Cash and cash equivalents at end of period	**2,528**	**11,770**	**2,528**	**11,770**
Cash and cash equivalents comprises the following				
Cash and cash equivalents	3,560	13,814	3,560	13,814
Less: Fixed deposits	(1,032)	(2,044)	(1,032)	(2,044)
Cash and cash equivalents as per statement of cash flows	**2,528**	**11,770**	**2,528**	**11,770**

1(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group			($'000)			
	Share capital	**Translation reserves**	**Accumulated profits**	**Total**	**Non-Controlling interests**	**Total**
At 1 January 2015	**43,461**	**641**	**34,604**	**78,706**	**(7,499)**	**71,207**
Currency translation differences arising on consolidation, net of tax	-	(16)	-	(16)	(26)	(42)
Disposal of a subsidiary	-	-	-	-	(3,203)	(3,203)
Profit for the period	-	-	4,526	4,526	(278)	4,248
Dividend	-	-	(2,400)	(2,400)	-	(2,400)
Balance At 31 March 2015	**43,461**	**625**	**36,730**	**80,816**	**(11,006)**	**69,810**

Currency translation differences arising on consolidation, net of tax	-	170	-	170	19	189
Loss for the period	-	-	(1,320)	(1,320)	(311)	(1,631)
Balance At 30 June 2015	**43,461**	**795**	**35,410**	**79,666**	**(11,298)**	**68,368**

	Share capital	**Translation reserves**	**Accumulated profits**	**Total**	**Non-Controlling interests**	**Total shareholders' equity**
At 1 January 2014	**43,461**	**837**	**39,154**	**83,452**	**(2,388)**	**81,064**
Currency translation differences arising on consolidation, net of tax	-	(50)	-	(50)	(21)	(71)
Profit for the period	-	-	1,416	1,416	(878)	538
Balance At 31 March 2014	**43,461**	**787**	**40,570**	**84,818**	**(3,287)**	**81,531**
Currency translation differences arising on consolidation, net of tax	-	(36)	-	(36)	(19)	(55)
Loss for the period	-	-	(596)	(596)	(1,256)	(1,852)
Dividend	-	-	(2,400)	(2,400)	-	(2,400)
Balance At 30 June 2014	**43,461**	**751**	**37,574**	**81,786**	**(4,562)**	**77,224**

Company

		($'000)	
	Share capital	**Accumulated Profits/(Losses)**	**Total shareholders' equity**
At 1 January 2015	43,461	(10,139)	33,322
Profit for the period	-	13,161	13,161
Dividend	-	(2,400)	(2,400)
Balance at 31 March 2015	**43,461**	**622**	**44,083**
Loss for the period	-	(566)	(566)
Balance at 30 June 2015	**43,461**	**56**	**43,517**

	Share capital	Accumulated profits	Total shareholders' equity
At 1 January 2014	43,461	3,478	46,939
Profit for the period	-	253	253
Balance at 31 March 2014	**43,461**	**3,731**	**47,192**
Loss for the period	-	(488)	(488)
Dividend	-	(2,400)	(2,400)
Balance at 30 June 2014	**43,461**	**843**	**44,304**

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Not applicable.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	30.06.15	**31.12.13**
Total number of issued shares (excluding treasury shares)	480,000,000	480,000,000

1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice. (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as in the latest audited annual financial statements for the financial year ended 31 December 2014.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The adoption of the new and revised FRSs is assessed to have no material impact to the results of the Group and of the Company for the period ended 30 June 2015.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

(Loss)/Earnings per ordinary share for the period based on net profit attributable to shareholders:-

	Group			
	2nd quarter ended 30.06.15	**2nd quarter ended 30.06.14 (Restated)**	**1st half ended 30.06.15**	**1st half ended 30.06.14 (Restated)**
(i) Based on number of ordinary shares in issue:				
- Continuing operations	(0.07) cents	0.03 cents	0.86 cents	0.14 cents
- Discontinued operations	(0.20) cents	(0.15) cents	(0.19) cents	0.03 cents
Net earnings per ordinary share for the period	(0.27) cents	(0.12) cents	0.67 cents	0.17 cents
Number of ordinary shares in issue	480,000,000	480,000,000	480,000,000	480,000,000
(ii) On a fully diluted basis:				
- Continuing operations	(0.07) cents	0.03 cents	0.86 cents	0.14 cents
- Discontinued operations	(0.20) cents	(0.15) cents	(0.19) cents	0.03 cents
Net earnings per ordinary share for the period	(0.27) cents	(0.12) cents	0.67 cents	0.17 cents
Diluted number of ordinary shares in issue	480,000,000	480,000,000	480,000,000	480,000,000

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-
(a) current financial period reported on; and
(b) immediately preceding financial year

	Group		Company	
	30.06.15	**31.12.14**	**30.06.15**	**31.12.14**
Net asset value per ordinary share based on existing share capital	17 cents	16 cents	9 cents	7 cents

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the followings:-
(a) any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Key changes in the Group's financials:

Gulf Specialty Steel Industries LLC ("GSSI") – Referring to the announcements on 28 February 2015, the Group is deemed to have joint control instead of major control over GSSI in accordance with FRS110 which is effective from 1 January 2014. Therefore GSSI's first three quarters' results in FY2014 are consolidated while from 4Q2014 onwards the results are accounted for using the equity method and included in the balance sheet under "Investment in joint ventures".

Z-Power Automation Pte Ltd ("ZPA") – Referring to the announcements on 28 February 2015, ZPA was de-consolidated and is reclassified to Discontinued Operations in the income statements for FY2014 and also reclassified to assets and related liabilities held for sale in the balance sheet from FY2014. The disposal was completed on 4 March 2015.

PT. BH Marine & Offshore Engineering ("PTE") – The Board had decided to discontinue the operations of its engineering subsidiary in Batam as stated in the full year results announcement released on 2 March 2013. Despite ongoing negotiations with potential buyers, the Group has not been able to conclude the sale of all of the assets of its engineering subsidiary in Batam.

In compliance with FRS105, the Group has reclassified all PTE's property, plant and equipment related expenses to Continuing Operations from 4Q2014 in the income statement; all other income and expenses are accounted for as Discontinued Operations given the fact that PTE has completely ceased operations. Notwithstanding the accounting and reporting changes, it remains the Group's intention to dispose of the assets and related liabilities of PTE.

Revenue
(2Q2015 vs 2Q2014)

	Group		
	2Q2015 $'000	**2Q2014 $'000 (Restated)**	**% Change**
Supply Chain Management			
Marine cables and accessories	7,103	10,974	(35%)
Marine lighting equipment and accessories	2,299	2,960	(22%)
Others	1,711	1,729	(1%)
	11,113	**15,663**	(29%)
Manufacturing			
Galvanized steel wire	**604**	**7,015**	(91%)
Engineering Services			
Engineering and installation	**2,601**	**2,021**	29%
Total sales revenue	**14,318**	**24,699**	(42%)

Supply Chain Management
Supply Chain Management Division accounts for 78% of the Group's turnover in 2Q2015, of which marine cables and accessories contributed 64%, marine lighting equipment and accessories 21% and others 15%. Revenue from the division decreased by 29% due to slow down in activities in the marine and offshore sectors.

Manufacturing
Manufacturing Division accounts for 4% of the Group's turnover in 2Q2015. The decrease in revenue is due mainly to the reclassification of GSSI from a subsidiary to a joint venture from 4Q2014.

Engineering Services
Engineering Services Division accounts for 18% of the Group's turnover in 2Q2015. The increase in revenue is due mainly to the provision of manpower services by its subsidiary in Dalian.

(1H2015 vs 1H2014)

	Group		
	1H2015 $'000	**1H2014 $'000 (Restated)**	**% Change**
Supply Chain Management			
Marine cables and accessories	19,515	20,338	(4%)
Marine lighting equipment and accessories	4,529	6,424	(29%)
Others	3,513	3,473	1%
	27,557	**30,235**	(9%)

Manufacturing			
Galvanized steel wire	**1,145**	**12,186**	(91%)
Engineering Services			
Engineering and installation	**5,202**	**5,586**	(7%)
Total sales revenue	**33,904**	**48,007**	29%

Supply Chain Management
Supply Chain Management Division accounts for 81% of the Group's turnover in 1H2015, of which marine cables and accessories contributed 71%, marine lighting equipment and accessories 16% and others 13%. Revenue from the division decreased by 9% due to slow down in activities in the marine and offshore sectors in 2Q2015, partially offset by higher deliveries of marine cables to an oversea major customer in 1Q2015

Manufacturing
Manufacturing Division accounts for 3% of the Group's turnover in 1H2015. The decrease in revenue is due mainly to the reclassification of GSSI from a subsidiary to a joint venture from 4Q2014.

Engineering Services
Engineering Services Division accounts for 16% of the Group's turnover in 1H2015. The decrease in revenue is due to delays in two major projects offset by the provision of manpower services by its subsidiary in Dalian. On the project delays, one is due to the takeover of a major package component by a customer which is under review, the other is due to clarification of technical specifications with the customer.

2Q2015 vs 2Q2014

Geographical segment
Revenue derived from Singapore decreased by $1.5million or 14% from $10.5million in 2Q2014 to $9.0million in 2Q2015. This is due mainly to the decrease in revenue from Supply Chain Management Division which derived its revenue substantially from Singapore.

Revenue derived from overseas decreased by $8.9million or 124% from $14.2million in 2Q2014 to $5.3million in 2Q2015. The decrease in revenue is due mainly to the reclassification of GSSI from a subsidiary to a joint venture from 4Q2014.

Gross profit
The Group's overall gross profit remain comparably unchanged. The Group's overall gross margin increased from 17% in 2Q2014 to 29% in 2Q2015 due mainly to the reclassification of GSSI from a subsidiary to a joint venture from 4Q2014 which incurred a gross loss in 2Q2014 as a result of the factory producing below breakeven capacity.

Other operating (expense)/income
The Group incurred an other operating expense in 2Q2015 due mainly to a foreign exchange loss as compared to an income in 2Q2014.

Operating expenses
The Group's operating expenses comprise mainly selling & distribution and administrative expenses. The decrease in selling & distribution expense is due mainly to the reclassification of GSSI from a subsidiary to a joint venture from 4Q2014. The higher administrative expense is due mainly to the recognition of liabilities incurred from GSSI.

Share of results in associated companies
The Group's associated companies registered a loss in 2Q2015 as compared to a profit in 2Q2014 due to a disruption in production in General Luminaire (Kunshan) Co. Ltd (KSGL), a subsidiary of an associated company, GL Lighting Holding Pte Ltd, in 2Q2015. The disruption is due to the relocation of SGL factory from Shanghai to Kunshan, PRC in 4Q2014, and implementation of a new ERP system in 1Q2015. These factors have resulted in shipping delays and product development.

Tax expense
Tax expense decreased by $276,000 from $378,000 in 2Q2014 to $102,000 in 2Q2015 as a result of a lower profit before tax of a significant subsidiary.

Interest on borrowing
The decrease in interest on borrowings in 2Q2015 as compared to 2Q2014 is due mainly to the reclassification of GSSI from a subsidiary to a joint venture from 4Q2014.

Depreciation
The decrease in depreciation in 2Q2015 as compared to 2Q2014 is due mainly to the reclassification of GSSI from a subsidiary to a joint venture from 4Q2014.

Foreign Exchange (Loss)/Gain
The foreign exchange loss is due mainly to the depreciation in value of US dollar receivables as a result of a weaker US dollar against Singapore dollar.

Discontinued Operations

The Group recorded a loss in 2Q2015 from discontinued operations, net of tax, of $558,000 as stated in detail below:

	Group					
	$'000			$'000		
	2nd quarter ended 30.06.15	2nd quarter ended 30.06.14 (Restated)	% Change	1st half ended 30.06.15	1st half ended 30.06.14 (Restated)	% Change
Discontinued operations						
Revenue	26	4,958	(99%)	4,425	9,845	(55%)
Cost of sales	(31)	(3,701)	(99%)	(3,346)	(7,432)	(55%)
Gross (loss)/profit	(5)	1,257	(100%)	1,079	2,413	(55%)
Other operating (expense) / income	(277)	(568)	(51%)	(357)	188	N.M
Selling & Distribution expenses	(692)	(675)	3%	(1,161)	(1,311)	(11%)
Administrative expenses	(84)	(290)	(71%)	(359)	(761)	(53%)
Finance costs	-	(17)	N.M	(10)	(34)	(71%)
(Loss)/Profit from operations	(1,058)	(293)	261%	(808)	495	N.M
Share of results of an associated company	-	(20)	N.M	(6)	(43)	(86%)
(Loss)/Profit before taxation	(1,058)	(313)	238%	(814)	452	N.M
Tax expenses	-	(99)	N.M	(81)	(46)	76%
Net (loss) / profit for the period	(1,058)	(412)	157%	(895)	406	N.M

Discontinued operations' overall gross loss is $5k in 2Q2015 compared to a gross profit of $1.2million in 2Q2014. This is due mainly to the disposal of ZPA which was completed on 1Q2015.

There is an operating expense of $277k in 2Q2015 due mainly to a foreign exchange loss as a result of the depreciation in value of Indonesian Rupiah against Singapore Dollar as the subsidiary's payables are denominated in Singapore Dollars.

The higher selling & distribution and administrative expenses in 2Q2015 is due mainly to an additional provision of $500k for receivables from PT Andalan, offset partly by reduced business activity in the Batam operations and consequently its related expenses.

Balance Sheet and Cash Flow Analysis

(2Q2015 vs FY2014)

Investment in associated companies
The increase in investment in associated Company is due mainly to the additional investment in GL Lighting Holding Pte Ltd.

Non-current receivables
The increase in non-current receivables is due to the extension of a loan to the joint venture GSSI for their working capital needs, and a significant prepayment to a main cable supplier which will be offset from future purchases over a four-year period (refer to the Group’s announcement of 9 June 2015 to the SGX).

Inventories
Inventories decreased by $2.0million from $32.8million in FY2014 to $30.8million in 2Q2015. The decrease in inventories is due mainly to lower purchases in the Supply Chain Management Division as a result of the slowdown in activities in the marine and offshore sectors.

Trade receivables
Trade receivables decreased by $4.9million from $20.6million in FY2014 to $15.7million in 1H2015 due mainly to lower revenue.

Due from customers on construction contracts
The increase in amount due from customers on construction contracts is due to unbilled work-in-progress of projects of the Engineering Services Division.

Disposal group assets classified as held for sale
Liabilities directly associated with disposal group classified as held for sale

Details of disposal group classified as held for sale are as follows:	**30.06.15 $’000**	**31.12.14 $’000**
Property, plant and equipment	1,498	2,565
Intangible assets	-	178
Inventories	-	6,667
Investment in associate	-	147
Trade receivables	-	7,342
Other receivables	-	554
Cash and cash equivalent	-	2,788
	1,498	**20,268**

Liabilities directly associated with disposal group classified as held for sale:

Deferred tax liabilities	-	20
Finance lease liabilities	-	149
Tax payable	-	369
Trade payables	-	3,015
Other payables	-	6,876
	-	**10,429**

The decrease in assets and liabilities is due mainly to the completion of disposal of ZPA on 4 March 2015.

Other payables
The increase in other payable is due mainly to the recognition of liabilities incurred from GSSI.

Banks borrowings
The decrease in bank borrowings of $3.0million is due mainly to repayment of bank loans in Supply Chain Management Division.

2Q2015 vs 2Q2014

Cash flow
Net cash and cash equivalent decreased by $11.7million in 2Q2015 as compared to a decrease of $51,000 in 2Q2014. This is due mainly to the advances to a joint venture, prepayment to a main cable supplier and net repayment of bank borrowings.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group remains focused on improving the overall profitability of our core businesses given the continuing weak shipping industry, low oil prices which have affected the exploration and production budgets of oil and gas companies, and increasing market competition. In line with the renewed focus on our core businesses, the Group's main subsidiary, Beng Hui Marine Electrical Pte. Ltd., has on 4 June 2015 entered into a Distribution and Representation Agreement and Prepayment Agreement with a key cable supplier. These Agreements will fortify our partnership with this supplier and strengthen our core Supply Chain Management Division amidst continuing industry headwinds.

The operations of GL Lighting Holding Pte Ltd ("GLH"), the Group's associate company, has been affected in recent quarters by the relocation to the new Kunshan rented factory and implementation of ERP system. Nevertheless, GLH is preparing for the construction of a new Kunshan factory which will significantly boost its manufacturing capacity for LED lighting products.

The performance of the Group's galvanized steel wire factory in Oman has shown signs of improvement since the start of the year. Sales and production volumes for 1H2015 have increased compared to FY2014 but yet to achieve the targeted breakeven volumes.

The Group is also working to further rationalize the operations of the Engineering Services Division which has underperformed due to unexpected cost overruns, project delays and disputes, which have a negative impact on the cash flows of the division.

Overall the Group will continue to adopt a cautious stance with all our business divisions and strive to improve their efficiency and performance so as to enhance the profitability of the Group.

11. Dividend

(a) Current Financial Period Reported On?

Any dividend declared for the current financial period reported on?

Nil.

(b)Corresponding Period of the Immediately Preceding Financial Year

Nil.

Any dividend declared for the corresponding period of the immediately preceding financial year?

(c) Date payable Not applicable

(d) Books closure date Not applicable

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

13. Interested Person Transactions

[Note Rule 920(1)(a)(ii) – An issuer must announce the aggregate value of transactions conducted pursuant to the general mandate for interested person transactions for the financial periods which it is required to report on pursuant to Rule 705.]

The Group has not obtained a shareholder's mandate pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

14. Negative assurance confirmation

The Board of Directors confirms that, to the best of its knowledge, nothing has come to its attention which may render the unaudited interim financial results for the financial period ended 30 June 2015 to be false or misleading, in any material respect.

On behalf of the Board of Directors

Alvin Lim Hwee Hong	Vincent Lim Hui Eng
Executive Chairman	Chief Executive Officer
04 August 2015	04 August 2015